



Property Casualty Insurers  
Association of America  
Shaping the future of American Insurance

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## STATEMENT

### PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

#### H.B. No. 6508 – AN ACT CONCERNING TIMELY HISTORY REPORTS FOR COMMERCIAL RISK INSURANCE POLICIES

#### COMMITTEE ON INSURANCE AND REAL ESTATE

March 8, 2011

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 6508 which would greatly decrease the amount of time within which an insurer must provide comprehensive policy information to former commercial policyholders who have had their policies cancelled as a result of a failure to meet certain basic obligations under the policy (nonpayment of premium, conviction of crime, fraud or material misrepresentation, willful or reckless act increasing the hazard insured against). Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI members represent 37 percent of the total property/casualty insurance market and provide 50 percent of Connecticut's personal auto insurance coverage.

PCI is opposed to this legislation because it would increase administrative costs and burdens for insurers when a former commercial policyholder has had a policy cancelled because the policyholder has engaged in fraud or other criminal activity or has otherwise failed to meet certain basic obligations under the policy. Under current law, C.G.S. 38a-326 provides that when a policy is cancelled due to certain reasons (nonpayment of premium, conviction of a crime increasing the hazard insured against, fraud or material misrepresentation, or willful or reckless activity increasing the hazard insured against), the insurer must provide detailed loss and premium information within 60 days of the request of the insured. This legislation would reduce this timeframe to ten days and having to meet this tight time requirement would greatly increase administrative costs and burdens for insurers. We would submit that given that the cancellations at issue generally result from the failure of the policyholder to meet its basic obligations under the policy, it is inequitable to increase administrative costs and burdens on the insurer as a result.

It is our understanding that supporters of this legislation claim that this legislation is necessary to bring Connecticut law in line with requirements in New York relative to loss runs. We can assure you that this legislation would not accomplish that goal. Section 3426(g) of the New York Insurance Law governs the provision of loss runs and is far more limited than even current Connecticut law. Section 3426 only requires the insurer to provide claims and loss information to the former policyholder and only upon the request of the policyholder. In addition, Section 3426 specifically allows the insurer to charge a reasonable fee for the provision of such requested information. The New York time frame for the provision of this information is ten days, but that's really where the similarities between New York law and this legislation stop. The ten day

timeframe has been workable in New York due to the fact that only limited information is required to be provided in New York. Having to provide the more detailed and comprehensive information required to be provided under Connecticut law within ten days would be significantly more burdensome.

For the foregoing reasons, PCI urges your Committee to not favorably advance HB 6508.